



State Funding Program Information

Receive & File

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Attachments: No

Referring Committee: Transportation

Issue:

Information on initial fund estimate and potential scenarios for state (STIP) funding program.

Request:

Receive

Recommendation for Board:

None, this item is for information only.

Recommendation for Committee:

None, this item is for information only.

Background:

In February 2023, the SACOG board approved the response to a corrective action issued by Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) to Caltrans regarding the suballocation and administration of the federal funding sources used by SACOG for regional funding rounds: Surface Transportation Block Grant (STBG) and Congestion Mitigation and Air Quality (CMAQ) funds. SACOG's response changed the regional funding round that utilized federal dollars from a four-county program to a six-county program for the federal STBG and CMAQ funding.

As state funds are not subject to the corrective action changes, the state funding from the State Transportation Improvement Program (STIP) remains a four-county program. However, the change in the federal funding program requires a change in the STIP process, because in previous funding rounds SACOG combined federal and state funding. As a result, a new structure was formed for administering the STIP funds in the four-county region that includes Sacramento, Sutter, Yolo, and Yuba counties.

The SACOG Board of Directors adopted the Final Regional Funding Program Guidelines at the October 2024, meeting, which included the new structure for the STIP funds. SACOG's previous practice to pool all "county shares" together will not continue, and instead focus on an intra-county competitive program for each of the four counties, led by SACOG, that would address several of the needs of the local agencies with consistent county-wide funding. The program will also set aside a portion of the funding to support regionally prioritized

projects included on the board-adopted Grants Prioritization list that was adopted in October 2024, for the 2025 grant cycle. For both the competitive and set aside portions of the program, projects will be evaluated on the following criteria:

- Demonstrate “state of good repair” benefits that maintain and improve the existing transportation system
- Significantly improve safety and security
- Increase multi-modal travel/alternative travel/choice of transportation options
- Improve goods movement in and through the region
- Climate adaptation and resilience

Discussion/Analysis:

STIP funding is distributed to the Regional Transportation Planning Agencies (RTPAs), which SACOG serves as for Sacramento, Sutter, Yolo, and Yuba counties. STIP funds are calculated by the state for each county, based on a combination of population and lane miles; these make up the “county shares” that are available for each county.

The California Transportation Commission (CTC) prepares a STIP five-year estimate of available funding, and we will be awarding projects two years of funding based on that estimate. Based on previous funding rounds, the next STIP cycle at SACOG would be awarding funds to be programmed in FY 2027-2028 and 2028-2029. The current estimate for total funding available to the SACOG 4-county region is \$44,826,000.

SACOG and other RTPAs use 5 percent of STIP funding for planning , programming, and monitoring (PPM), which is used to conduct our funding rounds, coordinate with local agency staff and state partners on specific projects in the TIP, pay for the software to manage the TIP, and support the implementation of STIP-funded projects like project delivery, timely use of funds, and compliance with state law and CTC guidelines. Without this funding, SACOG would be unable to, or would be severely limited in capacity to, deliver work that is required of the agency and to support partner agencies in critical efforts. The estimated PPM is roughly \$1 million per year and is included in our annual Overall Work Program and budget in more detail.

Less the PPM, there is roughly \$42,863,000 available for the upcoming program, as shown in the table below.

COUNTY	SHARE %	FUNDING \$
SACRAMENTO	74%	\$31,767,556
YUBA	7%	\$2,673,784
YOLO	14%	\$6,175,998
SUTTER	5%	\$2,245,663
TOTAL FUNDING AVAILABLE	100%	\$42,863,000

As part of the adopted guidelines for the SACOG funding program, a portion of the \$42,863,000 would be set aside to support and advance a regionally significant project (or projects, depending on the amount). The percentage of funds set aside will be a decision made by the board in February 2025, as part of a formal action for the state funding round budget.

SACOG staff has been working on potential scenarios for how this funding could be split, with one

consideration being how many projects can be included in the 2025 Grants Prioritization list that the board adopted in October 2024, that would be viable candidates. The issue to consider is the size of a project and its funding needs relative to the amount of funding available to support the project, while also maintaining a sufficient portion to fund the competitive programs in each county. In the previous funding round, SACOG created the Revolving Match Program, which provided funding matches for larger grant requests; with the new structure of the funding program, this element will not be moving forward in its previous capacity, and instead has been included as a potential use of both federal and state funds. Utilizing the set aside STIP funds for this type of activity would be in keeping with the spirit of the program guidelines and permitted through the CTC guidelines for STIP, and would allow projects to move forward that have already been identified as priorities through the Grant Prioritization list. Applying assumptions from the Revolving Match Program, match requests could range from under \$1 million to roughly \$4 million, depending on the project size and funding needs.

For discussion purposes, the following are potential scenarios to give an understanding of how the funding could be distributed between the two program areas.

Potential Scenarios

10% Regional Priority/90% Competitive

Under this scenario, the regional set aside program would be sized to support a singular project for a larger federal grant application.

	10 % SET ASIDE	90% COMPETITIVE
SET ASIDE	\$4,286,300	--
INTRACOUNTY COMPETITIVE		
SACRAMENTO	--	\$28,590,800
YUBA	--	\$2,406,405
YOLO	--	\$5,558,398
SUTTER	--	\$2,021,097
TOTAL FUNDING	\$4,286,300	\$38,576,700

12% Regional Priority/88% Competitive

This scenario would present a similar split of funding that is currently employed by SACOG for the FTA Transit Discretionary program funds, and could accommodate support for one larger project or multiple regional priority projects with smaller grant asks.

	12 % SET ASIDE	88% COMPETITIVE
SET ASIDE	\$5,143,560	--
INTRACOUNTY COMPETITIVE		
SACRAMENTO	--	\$27,955,449
YUBA	--	\$2,352,930
YOLO	--	\$5,434,878
SUTTER	--	\$1,976,184
TOTAL FUNDING	\$5,143,560	\$37,719,440

25% Regional Priority/75% Competitive

Under this scenario, the regional priority set aside program would gain some flexibility to provide a larger contribution to one project or contribute to multiple projects, depending on funding needs.

	25 % SET ASIDE	75% COMPETITIVE
SET ASIDE INTRACOUNTY COMPETITIVE	\$10,715,750	--
SACRAMENTO	--	\$23,825,667
YUBA	--	\$2,005,338
YOLO	--	\$4,631,998
SUTTER	--	\$1,684,247
TOTAL FUNDING	\$10,715,750	\$32,147,250

50% Regional Priority/50% Competitive

With a 50/50 split, the regional priority set aside program would be much larger for multiple projects, however there would be significantly less funding available for local projects. Given the known local needs expressed during the funding round working group process, it is unlikely that this scenario would adequately meet the needs of the region.

	50 % SET ASIDE	50% COMPETITIVE
SET ASIDE INTRACOUNTY COMPETITIVE	\$21,431,500	--
SACRAMENTO	--	\$15,883,778
YUBA	--	\$1,336,892
YOLO	--	\$3,087,999
SUTTER	--	\$1,122,832
TOTAL FUNDING	\$21,431,500	\$21,431,500

SACOG does not recommend considering anything above a 50 percent allocation to the regional priority set aside program, as we do not believe it would leave enough funding to be awarded to meaningful local projects. Similarly, not setting aside any of the funds would be counter to recent actions taken regarding the support of large projects with regional benefits. As a reminder, in prior funding rounds, STIP funds were included in the broader fund estimate with the federal sources, and therefore were used to fund the projects within the broader competitive program. The larger the amount used in the new structure for supporting a project or projects in the set aside portion, the less funding available to fund projects that would have previously come through the competitive program.

Within the adopted guidelines, there is no requirement to make a split between the two program elements static. Any decision the board makes for the split in the 2025 state funding round will not be binding for future rounds, as this can be adjusted each cycle to meet the needs of the region.

At the Transportation Committee meeting, directors had a productive discussion around the different scenarios presented. Overwhelmingly, there was an appetite to have a split between the set aside and

countywide competitive programs that was meaningful and would provide adequate funding to support a regionally significant project. Generally speaking, there was direction to explore scenarios above a 10/90 and below at 50/50 split between the set aside and countywide competitive programs. Additionally, the committee was interested in ensuring that the project (or projects) supported by the set aside program would be competitively chosen with board involvement. Staff confirmed that this would be a decision made through a competitive process collectively across the four counties with ultimate approval by the board alongside the county-level program awards.

Fiscal Impact/Grant Information:

There is no fiscal impact for this item.

List of Attachments:

Not applicable